



International Report – Operation Payne

New Zealand - 2010

"I applaud this type of initiative. It creates bridges of knowledge and trust – two critical criteria for successful angel investing both for the investors and the entrepreneurs.

I recommend we use this experience as a guide to repeat it around the world."

Brigitte Baumann, Founder & CEO Go Beyond Ltd & President EBAN

Introduction

At the invitation of the angel community of New Zealand, Bill Payne and his wife Ann visited New Zealand (NZ) for five months in the first half of 2010. The trip was lead by The ICEHOUSE and its related angel network, ICE Angels and sponsored by one of New Zealand's leading banks (BNZ)¹, the NZ Government's R&D arm² (FRST), several additional public and private entities and the wider angel community.

Bill's primary objectives were to:

- access the status of entrepreneurs and their sources of capital in NZ
- broaden awareness of angel investing and the importance of entrepreneurship in NZ
- provide investor-readiness education to entrepreneurs
- provide angel investing education to accredited investors; and
- mentor Kiwi angel groups on operational best practices.

While countries across the world have for a number of years conducted 'international expert visits', these have typically been of shorter duration and to our knowledge there has never been a half year stay in one country. We were also inspired by the knowledge transfer model that Universities world-wide undertake through the visiting-Professor sabbaticals which see academics and researchers spending significant time on visits at international sights away from their home University.

Activities in New Zealand

- Bill's business took him to a dozen towns and cities from the top of the North Island to Dunedin in the South.
- He delivered 45 public lectures and enjoyed 40 interviews by reporters for television, radio, newspapers, magazines and Internet publications.

¹ Bank of New Zealand which is a subsidiary of National Australia Bank

² Foundation for Science and Technology (FRST)



- He visited and mentored 16 of the 17 angel groups in NZ and, in the process helped start one new network and energized the early growth of two other groups. He also engaged with 4 of the 6 early stage venture funds in NZ.
- He called on 8 of the 9 business incubators in NZ, including all six of those affiliated with angel groups.
- Bill provided one-on-one mentoring to 75 startup entrepreneurs, more than a dozen Spark businesses at the University of Auckland.
- He spent many hours in discussions with public agencies and think- tanks in the emerging sectors, including the NZ Parliament, the Angel Association of New Zealand, NZ Venture Capital Association, NZ Institute, New Zealand Venture Investment Fund, the Foundation for Research and Technology, Investment New Zealand and New Zealand Trade and Enterprise.
- Bill visited half a dozen universities in NZ and delivered the Dean's Distinguished Speaker Series lecture at the University of Auckland.
- Bill even visited our great friends and partners in the Australian Angel community, attending their AAAI Angel Conference and was involved in discussions with State and Federal Governments. Despite the Aussie's best efforts, we eventually located Bill and brought him back to New Zealand for the rest of his stay.

Further aspects of Bill's visit to New Zealand included:

- The public-private sector partnership that enabled Bill to come to New Zealand.
- The requirement that he bring his better half to New Zealand and that they focus outside of the 'work' on getting to know our culture and our beautiful country.
- The creation of an internship programme, where over 50 post-doc University students competed for 2 prized places of being 'on Bill Payne's Bag' for his half year visit.
- The creation of the Bill Payne [Blog](#), embedded in the ICEHOUSE/ICE Angels web site which generated significant profile and interest.

Summary of Final Report

Bill's findings, reported in full at his [Blog](#), are summarised, as follows:

Entrepreneurs in NZ are clever, passionate and knowledgeable about their products and technology. But, like most entrepreneurs, they lack a good understanding of sales and marketing, competitive analysis, finance, capital sources, etc. He found Kiwi entrepreneurs to be quite similar to US entrepreneurs. Kiwi leaders are quite keen to see startup entrepreneurs focus early on exporting. Bill helped clarify strategies for entrepreneurs with export ambitions. He also recommended that the level of investor-ready education for entrepreneurs be increased in NZ.

Angel Groups in NZ are quite robust, funding deals in 2009 at the same rate of the 16 groups in the Boston area. While the quality of deals and deal processing has improved significantly since his last visit in 2008, it is suggested that angel leaders in NZ push members to engage more with their groups.



No new **Venture Capital** funds have been raised in New Zealand in recent years, mirroring problems elsewhere in the world. NZ desperately needs new early stage VCs to provide \$2-5 million in follow-on funding to deals currently receiving angel capital. NZVIF and others are quite aware of the problem and are working diligently to fill this gap. Bill spent many hours in discussions with the appropriate agencies and groups on tackling this problem.

While making no claims of expertise in **business incubation**, Bill noted that each NZ incubator was skilled in certain stages of startup development and suggested that best practice models be recognized and adopted more uniformly.

Finally, Bill had **suggestions for the NZ government** to remove barriers to investment in startup ventures and to facilitate more rapid growth rates for those companies.

The Impact of Operation Payne - 2010

The impact is one of the easier things to discuss from an NZ Incorporated perspective.

From a major stakeholder of the angel investment sector:

*“The New Zealand entrepreneurial ecosystem, including Universities, Incubators, Seed Funds, Angel Networks and the entrepreneurs are five years ahead of where they would have been after Bill’s visit.”
Franceska Banga, CEO of the New Zealand Venture Investment Fund³*

From one of the interns who carried Bill’s bag⁴:

*“As a result of my internship, I was motivated to enter the University of Auckland Spark Ideas Challenge. After attending Bill’s presentations, Spark events and sitting in on start-up mentoring I felt confident writing venture summaries and had a growing interest in innovation and entrepreneurship which compelled me to enter the competition. The skills I have gained in writing business plans, creating elevator pitches, appealing to the needs of angel investors and learning what a good idea looks like put me in good stead for entering the Challenge and have also made me a useful contact for the entrepreneurs I have met along the way. I was elated to be selected as a winner of the Ideas Challenge 2010 for my idea for an iPad application.”
Emma Fitzgerald, Bill Payne’s Intern*

³ NZVIF is a Government Owned Entity that provides ‘matched’ funding for approved VC and Angel Investors in New Zealand.

⁴ Full Bill Payne Intern [report](#)



From Andy Hamilton Chair of New Zealand's representative Angel Body – Angel Association of New Zealand and one of the founders of angel network, ICE Angels:

"This angel community that we operate in is global. We first met Bill a few years ago and immediately were amazed at his openness, friendliness and willingness to contribute. We also were depressed, because we reflected on why we did not have such great angels in NZ. Then we got inspired and asked the question – why don't you and Ann come and live with us for a while? The rest is history; Bill has taken our industry forward, a long way forward. This is a great model for angel communities world-wide to learn from, the benefits have been so extensive that we will be repeating the visiting angel model in 2011. On behalf of NZ, we are ready and willing to share our learning with any angel community around the world. We encourage you to adopt this model and reap similar benefits we have achieved."

Andy Hamilton, Chair Angel Association of New Zealand & ICE Angels

As a further result of Bill's visit, a new award was announced at the end of his visit, the WH Payne Active Angel Award for the most active angel club member in ICE Angels.

New Zealand has learnt a lot and established friendships with Bill and Ann Payne – we are so grateful for this opportunity, and we miss them terribly!

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